

283 - JOHN WAYNE AIRPORT DEBT SERVICE

Operational Summary

Description:

This fund provides appropriations for debt service and related trustee activity associated with Airport Revenue Bonds, Series 1997 and 2003. The bonds were issued to refinance debt associated with the construction of the JWA Master Plan, including the Thomas F. Riley Terminal, which opened to the traveling public in September 1990. Funding was subsequently added for all facets of the Santa Ana Heights Acoustical Insulation Program.

At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	31,086,636
Total Final FY 2004-2005 Budget:	57,562,304
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Continue to comply with debt defeasance requirements in accordance with the Bond Indenture.
- Maintain Moody's Aa3 rating, Standard and Poor's A+ rating and Fitch's A+ rating on JWA revenue bonds.

FY 2003-2004 Key Project Accomplishments:

- Met or exceeded all financial and reporting requirements in accordance with the Bond Indenture.
- The Airport successfully reduced its debt burden through the sale of \$48,680,000 in Series 2003 Revenue Refunding Bonds. Proceeds from the bonds, which sold at a premium of \$4,205,712, together with approximately \$10.2 million in Airport reserves, were used to refund the \$65,250,000 principal amount outstanding on the Airport's Series 1993 Bonds on July 1, 2003. This transaction resulted in a \$16.6 million reduction in the Airport's outstanding bond debt and provided for debt service savings of approximately \$1.5 million per year through 2018.
- To enhance interest earnings, the Airport executed debt service Investment Agreements for the Series 2003 Reserve fund and Principal and Interest accounts achieving guaranteed annual interest rates of 4.47% and 4.27% respectively through the first call date of July 1, 2013.
- Under its bond indenture, the Airport has an obligation to ensure repayment of its bonds and maintain a net revenue rate covenant of at least 125%. In 2003, JWA paid approximately \$20 million to bondholders, continuing to consistently meet the annual debt service requirement. Strong operating results produced rate coverage of 197% for the 2003 fiscal year.
- The Airport's current bond ratings of Aa3, A+ and A+ from Moody's, Standard & Poor's and Fitch respectively, are among the highest in the nation compared to airports of similar size.
- The Santa Ana Heights Acoustical Insulation Program administered by John Wayne Airport completed acoustical improvements to the final phase of eligible residential units within the community of Santa Ana Heights. This milestone culminates an Orange County program that accomplished acoustical insulation to reduce outside noise intrusion within 416 residential units.

JWA DEBT SERVICE - Provides appropriations to account for all debt service and related trustee activity as required under the JWA Bond Indenture.

SA HEIGHTS ACOUSTICAL PROGRAM - Provides appropriations to account for all aspects of the Santa Ana Heights Acoustical Insulation Program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no money from the County General Fund. Net revenues from JWA operations are utilized to provide for repayment of Airport Revenue Bonds.

Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	101,132,757	54,360,051	54,595,887	57,562,304	2,966,417	5.43
Total Requirements	100,855,392	48,838,686	20,442,832	57,562,304	37,119,472	181.58
Net County Cost	277,364	5,521,365	34,153,055	0	(34,153,055)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: John Wayne Airport Debt Service in the Appendix on page 603.

Highlights of Key Trends:

- Since the issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the 125 percent debt service covenant imposed by Bond Indenture.

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Operation of Enterprise Fund 283 Operational Statement for the Fiscal Year 2004 - 2005

Operating Detail (1)		2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
Operating Revenue					
7590	Other Charges For Services	768,654	263,876	50,000	50,000
Total Operating Revenue		768,654	263,876	50,000	50,000
Operating Expenses					
1402	Minor Alterations And Improvements	943	0	0	0
1800	Office Expense	381	0	0	0
1900	Professional And Specialized Services	743,281	299,642	151,100	151,100
2000	Publications And Legal Notices	3,395	0	0	0
5300	Depreciation	11,302,601	11,302,606	11,300,000	11,300,000
Total Operating Expenses		12,050,602	11,602,248	11,451,100	11,451,100
Total Operating Income (Loss)		(11,281,948)	(11,338,372)	(11,401,100)	(11,401,100)
Non-Operating Revenue					
6610	Interest	1,740,659	1,690,935	1,723,765	1,723,765
7670	Miscellaneous Revenue	123,782	154,249	0	0
Total Non-Operating Revenue		1,864,441	1,845,184	1,723,765	1,723,765
Non-Operating Expenses					
1912	Investment Administrative Fees	1,649	1,550	0	0
3200	Bond Redemption	2,456,667	0	11,500,000	11,500,000
3300	Interest On Bonds	10,172,362	8,838,443	8,217,935	8,217,935
5400	Loss Or Gain On Disposition Of Assets	0	591	0	0
Total Non-Operating Expenses		12,630,678	8,840,584	19,717,935	19,717,935
Net Non-Operating Income (Loss)		(10,766,237)	(6,995,400)	(17,994,170)	(17,994,170)
Income (Loss) Before Contributions & Transfers *		(22,048,185)	(18,333,772)	(29,395,270)	(29,395,270)
Statement Of Changes In Net Assets - Unrestricted					
Income (Loss) Before Contributions & Transfers		(22,048,185)	(18,333,772)	(29,395,270)	(29,395,270)
7812	Interfund Transfers In - From Funds 2AA-299	20,432,278	21,315,361	23,402,938	23,402,938
4802	Interfund Transfers Out - To Funds 2AA-299	0	0	(10,000,000)	(10,000,000)
Changes To Reserves - Encumbrance - (Inc.)/Dec.		(263,782)	136,196	0	0
Changes To Reserves - Net Assets - Reserved (Inc.)/Dec.		(22,290,518)	12,656,102	(16,393,269)	(16,393,269)
Changes To Reserves - Net Assets, Invested In Capital Assets, Net Of Related Debt - (Inc.)/Dec.		(13,921,941)	5,877,871	1,234,795	1,234,795
Changes To Reserves - Net Assets - Restricted (Inc.)/Dec.		(39,961,654)	12,223,933	0	0

Operation of Enterprise Fund 283

Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
Net Assets - Unrestricted Adjustment	0	2,456,667	0	0
Net Increase (Decrease) In Net Assets - Unrestricted	(78,053,802)	36,332,357	(31,150,806)	(31,150,806)
Net Assets - Unrestricted - Beginning Of Year	78,331,166	277,364	31,150,806	31,150,806
Net Assets - Unrestricted - End Of Year	277,364	36,609,721	0	0

* Note - Loss Before Contributions & Transfers
Is Overstated In The FY 2004-05 Proposed
And Approved Budget Columns Due To
Budgeted Bond Redemption Expenditures
That Will Be Capitalized At Year-End.